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Letter No. 2292

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USSR 1986
GRAIN CROP

The 1986 Soviet grain crop is estimated at 210 million metric tons, 15 million above last month's estimate, according to the U.S. Department of Agriculture. The total area estimate has been reduced by one million hectares (2½ million acres) - all the reduction occurring in corn. The upward revision in production includes 6 million tons of wheat, now estimated at 87 million, and 8 million tons of coarse grains, now estimated at 108 million. The estimate of miscellaneous grains and pulses was increased by one million to 15 million tons.

USSR TRADE
AGREEMENTS

The following is a partial list of agreements or arrangements which could impact on the level of USSR grain imports during July-June 1986/87, according to the U.S. Department of Agriculture: Canada - an agreement that calls for the export of 25 million tons of grain during Aug. 1986-July 1991 period. Argentina's - 5-year agreement calls for annual calendar year shipments of 4 million tons of coarse grain. Wheat purchases will count towards the agreement. France - an agreement which calls for annual wheat trade in the area of 1.5 to 3 million tons.

THE DOLLAR IN
FY 1987

The dollar is expected to continue to weaken on foreign exchange markets in 1987. However, indications - such as the Oct. 31 exchange rate stabilization understanding between Japan and the U.S. - are that the changes will no longer be as great. The dollar has fallen approximately 40 pct. against the yen and the mark since its Feb. 1985 peak. However, exchange rate shifts between the U.S. and its major agricultural competitors have not been nearly as favorable, according to the U.S. Department of Agriculture. This situation is expected to continue in 1987.

U.S. EXPORTS
TO W. EUROPE

U.S. agricultural exports to Western Europe dropped for the fourth consecutive year in fiscal 1986, but the decline was the smallest of the period, according to the U.S. Department of Agriculture. In 1987, another small decline is expected. Grains remain the largest U.S. agricultural export to the region. High EC grain stocks and the subsidizing of exports are encouraging consumption of EC's domestic grain.

COTTON EXPORTS
STRONG

U.S. cotton exports continued strong during Oct., totaling 342,000 bales, the largest Oct. level since 1979, reports the U.S. Department of Agriculture. The major markets this season are Japan, S. Korea, the European Community, Taiwan and Indonesia.

USSR GRAIN
IMPORTS FOR
1986/87 DOWN

The estimate of USSR grain imports for the 1986/87 marketing year has been reduced to 21 million tons, down 5 million from the month earlier estimate and the lowest level of imports since 1978/79, when the USSR harvested a record crop. USSR grain purchases from all origins still total only around 10 million tons, with Canada and the European Community the largest suppliers to date, according to the U.S. Department of Agriculture.

DURUM WHEAT
SHORTAGE IN
ARGENTINA

Argentina's durum wheat production has declined substantially in recent years, totaling only about 30 to 40 thousand tons in 1985/86, according to the U.S. Department of Agriculture. This represents the smallest crop since the record 1969/70 harvest of 760,000 tons. The sharp decline was partially due to heavy rains and flooding during the growing season.

FISCAL 1987
EXPORTS

The volume of U.S. agricultural exports, led by lower prices, is expected to rise to 116 million 500 thousand tons in fiscal 1987, according to the U.S. Department of Agriculture. Most of the increase is stemming from larger grain and cotton shipments. The export value may decline slightly to \$26 billion as lower prices offset the volume increases. A record foreign wheat and coarse grain production and a potential rebound in foreign soybean harvests will constrain U.S. agricultural exports in fiscal 1987. The Soviet Union appears to have harvested its biggest grain crop in 7 years.

USSR COARSE
GRAIN IMPORTS
FOR 1986/87

The estimate of USSR coarse grain imports for the 1986/87 marketing year has been reduced by 3 million tons to 8 million. According to the U.S. Department of Agriculture, this would be the lowest level of USSR coarse grain purchases since 1976/77. To date, Soviet grain buyers are estimated to have covered 3 to 4 million tons of their estimated 1986/87 import needs. It appears there are only limited opportunities for Argentina and the U.S. coarse grain sales.

USSR WHEAT
IMPORTS,
1986/87

The estimate of wheat imports by the USSR has been reduced an additional 2 million tons to 12 million, the lowest level since 1979/80, according to the U.S. Department of Agriculture. Wheat imports could well be even lower except that the USSR appears to be importing significant quantities of feed-quality wheat from Canada and the European Community. USSR wheat purchases so far this marketing year are estimated at around 6 million tons. Canada has been the major seller, followed by the EC and Australia. Argentina and the U.S. have yet to make sales to the USSR for this fiscal year.

AFRICAN CORN
TO KOREA

South Korea purchased 40,000 metric tons of South African corn for delivery in January at \$89.94 per ton, cost and freight. According to the U.S. Department of Agriculture, this is the largest S. African sale to Korea in five years and almost double the amount sold in all of 1985/86. This sale could signal S. Africa's intention to become a more important supplier to Korea, which would intensify competition with the U.S., Thailand, China and Argentina. U.S. corn exports to S. Korea have declined steadily from 3 million 900 thousand tons in 1982/83 to 1 million 300 thousand tons in 1985/86. The U.S. share of the Korean corn market dropped from 99 pct. to 38 pct. during the same period.

FROM OUR
TELEVISION
SERVICE

FINANCIAL MANAGEMENT FOR FARMERS...A training program using videotapes to help farmers and ranchers develop financial management skills was recently unveiled by the U.S. Department of Agriculture's Cooperative Extension Service. Buel Lanpher with USDA's Extension Service focuses on this program and its importance. DeBoria Janifer interviews. (336)

OUTLOOK FOR SHEEP AND HOGS...Pork production is expected to continue its decline during the first half of 1987, but net returns are expected to remain relatively high. USDA economist Leland Southard examines the current and future outlook for producers. Vic Powell interviews. (337)

CURRENT EC ISSUES...Rules are still being defined for implementing the transition of Spain and Portugal into the European Economic Community's Agricultural Policy, a situation that is expected to lead to higher costs of imported U.S. grain in both countries. USDA economist Mark Newman takes a look at the accession of Spain and Portugal into the EC. Vic Powell interviews. (338)

CONSERVATION COMPLIANCE...The 1985 Farm Bill made some far reaching changes in the administration of the U.S. Department of Agriculture's Conservation programs. George Dunlop, Assistant Secretary for Natural Resources and Environment, describes those changes and how they will affect farmers. DeBoria Janifer interviews. (339)

DAIRY PRICES AND PRODUCTS...Milk prices are increasing at the retail level. Dry weather in the Southeast, increased demand for dairy products and the Dairy Herd buyout program are some of the factors. Mike Hutjens, University of Illinois, takes a look at dairy prices and products. Gary Beaumont interviews. (340)

FROM OUR RADIO
SERVICE

AGRICULTURE USA #1541...(Weekly 13½ min documentary) Brenda Curtis and Dr. Marc Cathey, Director, National Arboretum of the USDA, take you on a trip back in time so you can celebrate a colonial Christmas as was, perhaps, celebrated in historic Williamsburg, Virginia.

AGRITAPE/FARM PROGRAM REPORT #1530...(Weekly reel of news features) USDA news highlights; Ag. outlook update; Insects in stored grain; Bugs, bugs and more bugs; Diversified agriculture.

CONSUMER TIME #1023...(Weekly reel of 2½-3 min features) A Williamsburg Christmas; Food price forecast; Some firsts for the National Capitol Christmas Tree; Burnout: What is it? Beef promotion.

USDA RADIO NEWS SERVICE...Fri, Dec. 19, The catfish report; Mon, Dec. 22, Hogs and pigs and livestock report; Tues, Dec. 23, Weekly weather and crop report. Mon, Dec. 29, Export markets for U.S. grains. Tues, Dec. 30, Weekly weather and crop report. Wed, Dec. 31, Ag. prices report. Dial the USDA National News Line 202-488-8358 or 8359. All material changed at 5 p.m. ET each working day.

OFF MIKE

You may remember Steve Wade. He used to be at USDA as radio-TV specialist with ASCS. He's now with the Bureau of Reclamation in Boise, Idaho. He called to report he's a first time grandfather, and that's nice. Our congratulations! ... Pat Hagerty, who, for six years, produced stories out of Washington, D.C. for Orion Samuelson (WGN, Chicago) is now working for the National Pork Producers Council in D.C. in the Government Affairs office. If you want to contact Pat for information concerning the D.C. end of what's happening in the pork industry, his number is 202-347-0911 ... It's always fun to get photographs showing how farm broadcasters go about doing their job. The latest to arrive shows Hugh Robinson (KKOW, Pittsburg, KS) sitting at a console, script in hand, earphones aboard, and looking business-like while The Joplin Globe newspaper photographer took his picture to accompany a story. The story had nice things to say about Hugh's role in informing farmers, and mentioned that he had received the first place honors in agriculture service for non-metro radio broadcasters by the Kansas Association of Broadcasters. Our congratulations! ... Newest newsletter to hit our desk is Ron Hays' "Agrinet Downlink." In it he reveals that he was the only electronic journalist chosen to participate in the departmental review of the Ag Information Department of Oklahoma State University's Agriculture Division ... Speaking of things academic, Doug Thomas (Southern States Network, Baton Rouge, LA) served on a committee to investigate ways the communication skills of Louisiana State University College of Agriculture students can be improved. He also reports he went on a one-day cattle drive and is still trying to figure out how to get back to walking properly. (One step at a time, Doug, no matter how rocky they may be) ... Final thought: From Johnny Martin (Ohio Farm Bureau, Columbus)... "If you want to be alone, drive 55 MPH on any highway."


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